CALIFORNIA MEDICAL ASSOCIATION

This department contains official notices, reports of county society proceedings and other information having to do with the State Association and its component county societies. The copy for the department is submitted by the State Association Secretary, to whom communications for this department should be sent. Rosters of State Association officers and committees and of component county societies and affiliated organizations, are printed in the front advertising section on pages 2, 4 and 6.

CALIFORNIA MEDICAL ASSOCIATION†

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† For complete roster of officers, see advertising pages 2, 4, and 6.

ANNOUNCEMENT
C. M. A. ANNUAL SESSION
CALIFORNIA MEDICAL ASSOCIATION

The seventy-third annual session of the California Medical Association will be held *Sunday, May 7* and *Monday, May 8, 1944,* inclusive, with headquarters in the Hotel Biltmore, Los Angeles.

CALIFORNIA COMMITTEE ON PARTICIPATION OF THE MEDICAL PROFESSION IN THE WAR EFFORT

Service Flag
of the
California Medical Association

As of September, 1943, the roster contained 1,957 names. On February 5, military colleagues numbered 2,050.

Corona Naval Hospital: New Unit

With the opening of Medical Unit No. 3, composed of forty-one buildings, thirty of which are ward buildings, the Corona Naval Hospital in Riverside County is now up to full capacity, which is more than 5,000 beds. The normal capacity of Unit 3 is 1,040 beds.

In an emergency, the unit can take care of 1,500 patients. The new section is a complete hospital in itself, with its own administration building, galley and mess hall.

It will be devoted exclusively to medical cases, which will enable the main buildings to be used for surgery. It

has a library, x-ray department, dental department, pharmacy, laboratory, emergency surgery room, and helps' quarters.

Capt. Harold L. Jensen, commanding officer of the Corona Naval Hospital, has placed Comdr. Charles H. Watkins, chief of medical staff, in charge of the new unit. Commander Watkins will have a complete staff under his supervision.

The temporary ward buildings are completed with Modulok construction of the prefabricated type. The remainder of the buildings are of standard wood frame construction.

With the completion of Unit 3, the naval hospital is now composed of Unit 1, main buildings, which contains headquarters of the commanding officer and his executive staff as well as the very latest equipped surgery; Unit 2, headquarters for tubercular patients, and the new medical unit.

The hospital now takes on the appearance of a small city with a population of more than 6,000 people, including civilian workers.

Los Angeles County General Hospital: Proposed University of Southern California Addition

If federal authorities approve a request for $175,000 in funds to remodel and refurnish a building at the Los Angeles County General Hospital, the county will advance the money and the building will be leased to the University of Southern California for use as a medical school to assist in training doctors for war service, the Board of Supervisors revealed recently, following their weekly meeting.

Shipyard Medical Unit in Napa

Organization of a medical unit at Basalt Shipyards near Napa, for employees and their families, was announced on December 16, 1943, by A. G. Streblow, Basalt president.

Heading the unit will be Dr. Samuel B. Hirschberg, director, who will maintain offices at Shipyard Acres, the housing project in connection with the shipyards, and who also will be at the first-aid station at the yard.

Over 300 families, including 200 school-age children, will be given care under the new medical program being initiated by the Company.

Physical Rehabilitation Section—Federal Security Agency

Federal Security Administrator Paul V. McNutt recently announced the assignment of Dr. Dean A. Clark, surgeon, U. S. Public Health Service, as chief medical officer of the Office of Vocational Rehabilitation to take charge of the newly established Physical Rehabilitation Section. The arrangement between these two branches of the Federal Security Agency was made by Surgeon-General Thomas Parran at the request of Michael J. Shortley, director of vocational rehabilitation.

Use of Federal funds for remedial medical treatment of the physically handicapped was authorized for the first time under the Barden-LaFollette Act of July 6, 1943.

Until the expansion of the Vocational Rehabilitation Program under this new law, there was no Federal program for this purpose, although the Federal Government has long aided the states in providing vocational guidance and training for the handicapped. The addition of physical rehabilitation greatly strengthens the program, because relatively simple surgery often can materially decrease a physical handicap or even remove or fully compensate for it.

The rehabilitation program is designed to assist all physically handicapped individuals to obtain remunerative employment, except veterans with service-connected disabilities, who come under the program directed by the Veterans' Administration. The program is operated by the states through their Boards of Vocational Education and their official agencies for the blind.

As a war measure, the Federal Government pays the full cost of rehabilitating war-disabled civilians. These include officers and crew members incapacitated while on war duty in the merchant marine, and members of the Aircraft Warning Service, Civil Air Patrol, and United States Citizens Defense Corps. For other individuals, the Federal Government pays half the cost of rehabilitation. All administrative expenses of the States in conducting approved rehabilitation programs are also met with Federal funds. Under the new statute, Federal aid may be utilized to provide all types of medical and surgical services necessary to modify a physical condition which is static and which constitutes a substantial handicap to employment. Conditions for which medical services are undertaken must, however, be of such a nature that treatment may be expected to eliminate or substantially reduce them within a reasonable length of time. Hospitalization not to exceed ninety days may also be furnished as well as prosthetic appliances essential for obtaining or retaining employment.

Medical Journals—For Colleagues in Military Service

In former issues, editorial comment was made on a plan to forward medical journals to the Hospital Stations of Army, Navy, and Air Force camps now located in California.

This work is being carried on by the California Medical Association—through its Committee on Postgraduate Activities—in coöperation with the medical libraries of the University of California, Stanford, and the Los Angeles County Medical Association.

The addresses of the three libraries follow:

University of California Medical Library, The Medical Center, Third and Parnassus, San Francisco, California.

Lane Medical Library, Clay and Webster Streets, San Francisco, California.

Los Angeles County Medical Library Association, 634 South Westlake, Los Angeles, California.

If more convenient, you can send journals via "Railway Express Agency," collect to: California Medical Association Postgraduate Committee, Room 2008, Four Fifty Sutter, San Francisco, California. Railway Express Agency addresses: In San Francisco, at 635 Folsom (EX 3100); in Los Angeles, at 357 Aliso (MU 0261). The "Railway Express Agency" will call for packages and will collect costs from the California Medical Association. The Postgraduate Committee will forward to camps.

COMMITTEE ON PUBLIC POLICY AND LEGISLATION

WAGNER-MURRAY-DINGELL BILL (S. 1161: H. R. 2861)

Reader: Have you written your Congressman? You will find his name and Washington address in the November issue of "California and Western Medicine," on pages 284 and 285. The time to act is now! As one of your Congressman's constituents, acquaint him with your point of view. Every physician owes this to the welfare of his fellow citizens, his profession, and himself.

For additional information concerning Wagner-Murray-Dingell bill (S. 1161), see department of Committee on Public Policy and Legislation in previous issues of "California and Western Medicine."

Federalized Medicine Is Not Wanted*

Eastern physicians are announcing plans to organize the profession against the regimentation by Washington of

* See in this issue, cartoon on page 87.

the American medical fraternity. In other words, they are out to oppose "the compulsory systems of bureaucratic Federal control proposed by the Wagner-Murray-Dingell bill" which has been introduced in Congress.

These doctors are forming a nation-wide association to provide voluntary plans for insurance protection against the costs of sickness to offset the compulsory Federal plan. The opposition to the legislation will also take more direct form. It will be aimed at the bill itself. In this the medical profession will get plenty of support. It will come from the public.

The Wagner-Murray-Dingell bill (S. 1161) calls for the inclusion of medical care and some hospitalization in the Federal Social Security Plan. Under the proposal the Surgeon-General of the Public Health Service and a council of sixteen members *appointed by him* would administer a system of panel medicine extending clear across the country. Doctors would be *"invited"* to serve as group physicians. There is nothing compulsory about an "invitation." *But if any refused to accept,* the all-powerful bureaucracy could make it costly and ruinous for them.

The legislative proposal would extend Washington's grasping hand down to the smallest town and hamlet where doctors practice. It would empower the medical czar in the national capital to hire doctors, establish rates of pay, establish qualifications for specialists, and arbitrarily determine which hospitals and clinics could provide service.

The plan is a bureaucrat's gorgeous dream. It has some appeal for unfortunate persons who have run into difficulties with sickness and resultant heavy financial involvements. But the catch in the program is that it would have to be paid for—through compulsory deductions from pay rolls.

This is what is proposed. The Social Security Act would be amended to provide a 6 per cent deduction from the wages of every employee earning up to $3,000. This would be matched by a contribution of the employer. Altogether, it is estimated, the huge sum of $3,000,000,000 a year would be produced for administration according to the dictates and whims of the all-high Surgeon-General and his hand-picked advisory council.

People have become acutely conscious of what *pay-roll deductions* mean. *In California,* as in all other states, wage-earners pay one per cent for Federal old-age benefits. In California they also pay one per cent toward State unemployment insurance. Though they also submit, cheerfully for the most part, to exactions under the pay-as-you-go income tax plan, they are extremely conscious of what the deductions do to the pay check. Would they like the 6 per cent cut of the Wagner-Murray-Dingell proposal on top of the others? They assuredly would not.

As a matter of fact, the medical profession now offers Californians voluntary group insurance plans for medical care and hospitalization. So, too, in other States. It comes much cheaper than the grandiose proposal of the three Senators. The voluntary plans give the beneficiary the right to choose his own doctor. One can take the plan or leave it. This is the right way.

The American people are becoming surfeited with Washington's attempts to regiment every phase of life. They are tired of the moves to force costly, paternalistic programs down their throats. They want none of this scheme.—Stockton *Record,* December 30, 1943.

Federalized Medicine

Should you pay the doctor with cash or tax money? Would benefits of a Government-controlled compulsory health-insurance program justify Social Security taxes totaling from $3,000,000,000 to $4,000,000,000 a year? Could medical initiative survive? Would the ill and the injured who had paid in advance through increased Social Security levies be assured the same attention as the patient who wrote his check on the spot?

The perennial argument recently flared again. In New York the County Medical Society issued a report of its annual meeting condemning Senator Robert F. Wagner's new Social Security bill (S. 1161). However, the Society approved a statement advocating nonpolitical coöperation between the medical profession and the local government "to take care of the low-income groups." *The Herald-Tribune* took up the issue. Editorially, the newspaper observed that it also saw flaws in S. 1161, but that the spread-the-cost principle was needed for the great middle class. Doctors, *The Herald-Tribune* said, should do more than oppose the Wagner bill; they should evolve "some better program for attaining the same objective."

Stalled now in the Senate Finance Committee, the Wagner bill would institute compulsory medical and hospital insurance for all persons covered by the old-age and survivors' provisions of the Social Security Act, for their dependents, and for about 15,000,000 others now excluded from those provisions.

* * *

What It Means.—Benefits are proposed for the whole range of medical and surgical services. A patient could choose his doctor from a panel composed of every legally qualified M. D. in the area who wished to participate. Thirty days of hospitalization a year at $3 to $6 a day would be covered. If a longer stay were necessary, benefits would continue for another thirty days, but the daily allowance would fall to $1.50 to $4. The rate for institutional care in chronic illness would be $1.50 to $3 a day.

How would the doctor be paid? The bill gives considerable leeway. Apparently, area medical groups would have a choice of set fees for specific conditions, a flat per capita payment for listed patients, a whole or part-time salary arrangement, or a combination of these.

Administration would rest with the Surgeon-General. He would be assisted by a National Advisory Medical and Hospital Council composed of sixteen members—selected by him.

* * *

Pro and Con.—A large part of the country's doctors oppose the bill, regarding it both as a potential death sentence for private practice and as a mechanism for making medicine a political football, and health service a bureaucracy. The spokesman for this group is the National Physicians' Committee, a research body with American Medical Association endorsement.

Supporting the bill are a large section of organized labor; Michael M. Davis, editor of *Medical Care;* and the Committee of Physicians for the Improvement of Medical Care, whose membership includes such medical men as Dr. John Peters of Yale, who have split with the American Medical Association on economic issues.

On November 7, Dr. Morris Fishbein, editor of *The Journal of the American Medical Association,* summarized organized medicine's objections to S. 1161 before the San Francisco County Medical Society. He said: "The American Medical Association has accepted the principle of insurance against . . . costs of sickness [and] has heartily approved the provision [by government] of medical care for the indigent and the medically needy. . . . "But," said Doctor Fishbein, "use of Federal funds for care of the indigent is far different from . . . a Federal mechanism involving the expenditure of $4,000,000,000 annually, as proposed by the Wagner . . . bill."—Dayton *Newsweek,* December 6, 1943.

Medicine Is America's Priceless Heritage: Wagner-Murray Bill Would Regiment It

On June 3, 1943, Senator Robert F. Wagner of New York—for himself and Senator James Murray of Mon-

tana—introduced in the Senate, bill 1161. If the recommendations in this bill are enacted into law, they will go far toward destroying the private practice of medicine in the United States. The bill proposes to raise by taxation—from pay rolls mostly—an amount estimated at three billion dollars to provide medical care by the Government.

The bill proposes placing in the hands of *one* man—the Surgeon-General of the Public Health Service—the power and authority:

1. To hire doctors and establish rates of pay—possibly for *all doctors.*

2. To establish fee schedules for services.

3. To establish qualifications for specialists.

4. To determine the number of individuals for whom any physician may provide service.

5. To determine arbitrarily what hospitals or clinics may provide service for patients.

It instructs the Surgeon-General to provide general and special medical care, laboratory tests and hospitalization for all beneficiaries of the Social Security Act and their dependents—estimated at 110,000,000 people.

Unless a wave of protest forewarns the sponsors, this bill, or similar proposals, may be enacted into law. The question to be answered is a simple one: Do you want medical care for the sick to be provided by bureaucrats—politicians—or by doctors?

State medicine—political control of medical service—always has, always will develop doctors who are politically amenable, who cater to the ward committeeman or the precinct captain rather than to the needs of human beings who are their patients. For the doctor, political control of medical care means the forfeiture of self-respect, incompetence, and professional deterioration.

It is understood that if the medical profession is regimented it will represent a decisive step forward toward establishing centralized Federal control of all the professions and of all industry.

The doctor is our most private and personal servant. Since time immemorial he has served as an adviser, a helper and friend of the individuals who comprise the community. Inasmuch as the Wagner bill (S. 1161) tolerates no personal services, in fact, no personal contacts, it is quite logical that those who would change our form of Government will begin at the very heart of the citizens' personal relationships. Confuse these relationships, instill them with prejudice, mistrust and suspicion, and the left-wingers will have an entering wedge into the body politic.

Under the sheen of Government helpfulness, radicals like Messrs. Wagner, Murray, and Dingell are trying, through their so-called liberal bills, to point out how much better off America would be under a total liberalizing of our Government. They begin by favoring certain classes of citizens whom they believe can be depended upon to vote correctly on election day.

Now the point is—do we want socialism? Do we want to abolish private enterprise? Do we want to fire the doctor because he is not a socialist, or break the insurance companies because they do not conform to Government theories?

America has the lowest morbidity and lowest mortality rate of any nation in the world. Let us preserve our priceless heritage—the private enterprise system.—Editorial in the Oakland *Tribune,* December 28, 1943.

Cites Potential Cases

Insurance Economics Society: Federal Insurance System Would Have to Care for Fifty Million Cases of Illness

In the event a Federal health insurance system should be put into effect, it would mean that the taxpayers of the United States would have to help pay for the illnesses of some fifty million cases a year, said E. H. O'Connor, executive director of the Insurance Economics Society of America, in speaking before the Ramsey County Medical Association at St. Paul, Minnesota.

"We shall have between 50 and 55 million gainfully employed persons in the United States after the war," said Mr. O'Connor. "These, with dependents, would swell the number of potential beneficiaries of a Federal health insurance system to more than 100 million. What, then, would be the number of illnesses on a broad average? In Germany the number of illnesses, between 1925 and 1934, ranged from 36 to 52 per 100 members. If this experience is any criterion, there would be fifty million cases of illnesses per year in the United States to be taken care of by the Federal bureaucracy. All these fifty million cases would have to be certified, filed, and inspected. Most of these would receive benefits; on those rejected there would be complaints which would have to be adjusted in one way or another.

"Now, to deal with such an army of potential beneficiaries of health insurance we would need an adequate staff. Otherwise there would be wholesale corruption, profiteering, and racketeering. But if an adequate staff were provided, this would mean a small army of government employees. And right here is where bureaucracy, red tape, delay, political pettiness, and assorted blessings would confront not only every doctor, dentist, nurse, and other members of our private medical system, but every citizen of the United States."

In discussing the Wagner bill, he said: "In weighing the pros and cons of the merits of the provisions of the Wagner bill, or of similar proposals, we should avoid one pitfall, namely, the implication that private medicine, or, for that matter, private insurance companies, have a different attitude on the desirability of social security for all of the people than has the Federal Government. *Our attitude differs not in final purpose, but only and exclusively on the means of obtaining that goal.*

"Therefore, our decision is not at all concerned with social security—it is concerned with the question of whether private enterprise, which has built this country and achieved the stupendous medical progress which all the world admits, shall be discarded in favor of a system of compulsion concerning which the experience and the knowledge is nil, but which harbors grave dangers to the economy of the nation not less than to the practice of private medicine."—San Francisco *Underwriters' Report,* December 23, 1943.

MATERNITY-PEDIATRIC PLAN OF FEDERAL CHILDREN'S BUREAU*

ITEM XLII: MATERNITY-PEDIATRIC

Maternity Care Experience in California

Approval of 4,213 additional applications for maternity and infant care of the wives and babies of service men in the seven western states, Alaska, and Hawaii during November, was announced on January 3, in San Francisco by Dr. Marcia Hays, regional medical consultant of the Children's Bureau, United States Department of Labor.

These brought the western regional total of authorizations for such maternity care to 13,639 since the start of the Government program last April, Doctor Hays said. Under the Federal program the wife of any service man

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* Maternity-Pediatric items listed in Roman numerals. CALIFORNIA AND WESTERN MEDICINE for July (Items I to XVIII); September, pages 178-182 (Items XIX to XXIII); October, pages 226-231 (Items XXIV to XXX); November, pages 282-284 (Items XXXI to XXXVII); December, page 342 (Items XXXVIII and XXXIX) and page 304; January, pages 31-32 (Items XL and XLI).

in the fourth, fifth, sixth, or seventh grade in the Army, Navy, Marine Corps or Coast Guard, may receive complete medical, hospital and nursing care during her maternity period without cost, and the baby may receive care for one year after birth.

California headed the list with 2,927 cases approved during November. Total authorizations in California since last April total 7,093.

ITEM XLIII: MATERNITY-PEDIATRIC

Discussion at Annual Conference of State Association Secretaries

The Journal of the American Medical Association for January 15, 1944, on pages 171-178 carries the address, "The Federal Plan for Providing Obstetric and Pediatric Care for Wives and Infants of Enlisted Men," presented by Dr. L. Fernald Foster of Michigan at the annual conference of secretaries and editors of constituent state medical associations held in the American Medical Association headquarters in Chicago on November 20, 1943.

Requests have been received from California Medical Association members who do not receive *The Journal of the American Medical Association* that the discussion of California problems arising in connection with the Federal Children's Bureau plan for maternity-pediatric service be given place in CALIFORNIA AND WESTERN MEDICINE. The remarks by C. M. A. Secretary-Editor Kress follow:*

DR. GEORGE H. KRESS, San Francisco: The important things for us to remember are the implications involved in this federal children's program. Ten million men are in military service, and a great majority of them are married. We start, then, with 20 million citizens, and their fathers and mothers, 40 million more. Also count at least 20 million friends, or a total of 60 to 80 million citizens. And this adult population of the United States is to be educated to what? To accept a mandatory fee table to be in operation from one end of the United States to the other, in which Dr. Edwin Daily representing the Children's Bureau proposed to California Medical Association President Karl Schaupp and me in the office of the State Department of Public Health in San Francisco that the fee should be $35 to cover antepartum care, confinement care, and postpartum care; antepartum care to imply a certain number of visits, Wassermann tests, hemoglobin determinations and urinalyses, with other usual antepartum care; in addition, all necessary confinement care and postpartum service with a visit to mother and child at least six weeks after the birth of the child.

The war may last three, four, five years. In the meantime the people of the United States will be educated to what, as far as this particular line of professional work is concerned? To a fee of $35, or perhaps in some places $50, as full and fair compensation. At the conclusion of the war, in the minds of the great majority of citizens, $35 to $50 would be a proper fee for all this professional work, covering a period of months, with all its complications as they may arise. It would follow that any physician who would charge more than $35 or $50 would be guilty, in the minds of many citizens, of an atrocious, improper act.

In April or May last we held in Portland a meeting of the Pacific States Medical Executives Conference. In our discussion of the maternity-pediatric program, the Oregon representatives presented their plan, saying that the money should be paid to the wife and not to the physician. As a member of the Reference Committee of that conference I sent a copy of our resolution to Dr. John Fitzgibbon, who in turn presented it to the House of Delegates of the American Medical Association, the resolution, with minor modifications, being adopted by the House in June.

In California we are in full accord with the objective of giving adequate professional care to the wives and infants of enlisted men. However, the Council of the California Medical Association has voted that it is up to the individual physician to determine what procedure he wishes to observe in this work.

Dr. Edwin Daily, representing the Federal Children's Bureau of Washington, D. C., came to California and gave the California Medical Association Committee on Maternal Care one hour, and then the conference was closed because he had to consult with hospital representatives. In our discussion with Doctor Daily he brought out the fact that the proposed fee was to be $35 for all of the service already mentioned. I asked Doctor Daily where he had gotten his figures, and he said, "From the American Medical Association." I said, "Oh, impossible! They couldn't have given you figures of that kind. I am sure when I go back to my office," I said, "I will be able to find fee schedules passed years ago by component county societies of the California Medical Association in which fees were in excess of $35 for all of the services you included in your maternity-pediatric program." I did find such schedules, and the fees ranged up to $500 for complicated obstetric cases. We told Doctor Daily that $35 for adequate antepartum, confinement, and postpartum care was out of the question as far as California was concerned, and insisted that the minimum fee should be $50. Also, as regards California, we would object to the promulgation of the plan unless it was stated in the literature, "This program is made possible only through the generous coöperation of the members of the medical profession," and our California State Board of Public Health has been printing such a statement on its literature.

I wrote to Secretary Olin West and asked him concerning the statement by Doctor Daily that in more than three hundred fee bills that had been obtained from the American Medical Association, every such schedule was $35 or less. Doctor West was unable to find in the files of the Association any record of any such information having been sent to the Federal Children's Bureau. All that was found was a record—I think in the American Medical Association Bureau of Medical Economics—of one discharged employee who may have sent such information to Washington. Then I corresponded with Doctor Daily, and from Doctor Daily I learned that the fee bills that he told us were the authoritative fee bills of the American Medical Association had been received from the files of the United States Public Health Service, and were photostatic copies, the same being all the way from five to seven years old or more. Yet the Federal Children's Bureau saw fit to have its representative go across the country with only that kind of authority in back of it, using the same with committees and representatives of constituent state associations and urging them to abide by their program under the exigencies which are now confronting us in a time of war.

On one other item I think I am correct in my memory, and Doctor Daily can correct me if I am in error. At one point I said, "Doctor Daily, suppose the case is a difficult one, say, a difficult forceps case or a cesarean section. What would be the compensation for the specialist obstetrician?" And I think Doctor Daily told us in the beginning that it had to come from the general practitioner's fee. To that we strenuously objected, and Doctor Daily then stated he would be willing that there should be an additional fee up to $50 for this specialist care, and that he would so recommend, presumably to the Federal Children's Bureau.

Of course, we were anything but happy to think that the American Medical Association should not have entered the picture at the very beginning, when the program was gotten under way by the Federal Children's Bureau. That was one reason why an editorial appeared in CALIFORNIA AND WESTERN MEDICINE, for which we were criticized in *The Journal*. We retract nothing from what we stated in our OFFICIAL JOURNAL. We think we were right then. It seems to us that when this program with its extensive implications was being formulated, that somewhere, somehow, our good friends here at 535 North Dearborn Street in Chicago should have got into the picture, should have been back there in conference with the inside executive group of the Children's Bureau and have helped guide it in its course of action. We also felt bad to think that our good friend, Morris Fishbein, failed to call this program, with its serious implications, to our attention, editorially. We felt he should have given us something over and above what appeared in little memorandum statements and news items concerning the progress of these Children's Bureau negotiations.

Our Council of the California Medical Association has voted as follows: The Council approved the plan of adequate service and all possible care to the wives of enlisted men and told the members of the California Medical Association that it was up to them individually to do as they deemed best in the premises; calling their attention to the fact that if they signed on the dotted line they would receive $50, not one penny more, nor could they receive one penny more directly or indirectly for the services rendered. If, however, they did not choose to sign, and if the patient did desire to become a private patient, well and good. However, in order to make available the hospital care to these wives, the patient could still obtain the hospital costs from the California State Board of Public Health if the physicians themselves would refuse to accept any money

* For editorial comment in this issue, see page 48.

for their services—in other words, give gratuitous professional service to these patients. That is the program we are following at the present time, and I take it that it will be the program we shall continue to carry on.

It seems to me that all of this discussion of costs involved, or the saving of money to the Government, by asking physicians to give services below cost, is beside the major point. We are involved here with great principles and, as has been stated by Doctor Bauer, this maternity-pediatric program may be the foot inside the door on behalf of state medicine; and with all deference to the officials of the Children's Bureau, the statements which have been made today indicate that such a thought is not without justification. Permit me to cite an example to show how governmental departments sometimes work: Yesterday afternoon Mr. Holloway and I drafted a series of telegrams to California representatives in Congress relative to a bill dealing with migrant agricultural workers. Out in California the migratory agricultural situation has been a very big problem. With the aid of the California Medical Association, an excellent medical service has been devised, in full coöperation with the Government officials. Comes now another governmental agency, the United States Employment Service, with amendments to Public Law 45, which would take away from migratory workers who do not secure their jobs through the United States Employment Service the right of medical service for themselves and their families. That is the way governmental bureaus act.

Now, as to the future of the Federal Children's Bureau's maternity-pediatric program: The Federal Children's Bureau in the beginning evidently miscalculated the number of patients who would come under this act. Witness the initial appropriation of one million, with subsequent deficiency appropriations of 4 million and 18 million dollars. These would indicate that there will be other deficiency appropriations needed to carry on this work.

It is, then, up to the members of the medical profession, through the constituent state associations, so to educate their Congressmen that when these deficiency bills are presented we shall have a different tally of votes than when only about 125 members of the House of Representatives voted on how the federal money should be paid. I believe if we are alert to our legislative responsibilities, appreciating the implications that are involved in all of this, even the Children's Bureau will be obliged to sit up and take notice in some of these congressional matters. Congress makes the grants in aid, and the monies are then distributed through the agency of the Children's Bureau to the proper constituted authorities in the various commonwealths. In most cases these are the state boards of public health. The state boards of public health are then called on to administer the act, but if the state boards of public health do not conform to the program outlined by the Children's Bureau they are held up in the usual governmental bureaucratic manner.

I shall be glad to have Doctor Daily discuss some of these other phases rather than the costs. With all the billions and billions of dollars that are being spent for a host of things today, I am but little concerned with whether the Children's Bureau saves 5 million or 10 million dollars in this work, all at the expense of the medical profession. But I am terrifically concerned with what will be the end-result to medical practice and to the quality and type of medical care and medical service we all believe in, if some of these bureaucratic endeavors are carried too far.

Press Clippings.—Some news items from the daily press on matters related to Wagner-Murray-Dingell bill (S. 1161) follow:

America Must Not Be Shackled: Nor Must Scientific Medicine Be Shackled

Address by Hon. Joseph W. Martin, Jr., of Massachusetts before the Fifteenth Annual Scientific Assembly of the Medical Society of the District of Columbia at the Mayflower Hotel, Washington, D. C., on October 1, 1943. (Printed in the *Congressional Record* of October 4, 1943.)

Address of Hon. Joseph W. Martin, Jr.

Mr. Toastmaster and Fellow Citizens, it is a pleasure and a privilege to address a group of individuals whose lives are devoted to efforts for easing and curing the ills of mankind, and advancing the science of medicine.

No one can come to this splendid gathering of physicians without sensing in full appreciation the contribution men and women of your profession have made to humanity. It can be truly said no profession has made a greater contribution to the progress of humanity.

The war has made terrific demands upon you. A great number of your associates have given up profitable private practice to minister to the medical needs of the men and women in our armed services. It is a source of great hope and comfort to the American people that such advances in medicine and surgery have been made since the last war, that fewer casualties are expected to be permanently incapacitated. Many who in earlier wars would have died will live because of the triumphs achieved by medical science.

Those of you whose lot it has been to remain at home are carrying an immense burden in caring for the health of the civilian population. No class of our people has labored under a greater strain of urgency or performed a more valuable service than the medical groups.

Through centuries of effort you have progressed from the humble herb-and-folk practice until today, through the application of modern science, you heal diseases which heretofore would have been fatal. Through your efforts it is possible for the blind, the stricken, and the crippled to be able to live useful lives. You have been able to increase materially the life span of the average man and woman.

This you have been able to accomplish because your profession has been free. It has been free to dare. It has been free to progress. You have had the assurance of great personal satisfaction in rendering indispensable services to your fellow men. You could expect some measure of material reward for your investment in years of education and hard study and devotion to your profession.

Under the harsh necessity of war, your law-making body, the Congress, has delegated enormous powers to the several branches of the executive department of this Government. There was no escape from this procedure. The details of war activity must be administered by the executive machinery. But having yielded these powers, the Congress has a covenant with the people of America carefully to watch the exercise of these vast powers and be ready to curb and correct any abuses. Congress must be ready to amend, restrict or even to recall any authority it has granted if new conditions, or the abuse of power make it essential to the public interest to do so. Above all, it is the solemn responsibility of Congress, if we are to keep faith with the people, to revoke these enormous powers when the war is over. It would be a futile victory if we were to win a war over dictatorship abroad only to have a permanent dictatorship fastened upon America at home.

For some years, a small but powerful group in this country has endeavored to undermine American institutions, American ideals, and our American way of life. These people are as clever as they are determined. They have promoted their cause in the public press, over the airwaves, on the platform, and in books and pamphlets. . . .

The purpose, of course, of these plotters in attempting to tear down American institutions and our form of government is to substitute some brand of state socialism in this country. . . .

Let me remind you that if we should lose our American form of government, it will not be by accident; it will be by deliberate design of groups who have set out to socialize this country for their own purposes of becoming an entrenched bureaucracy, and to achieve permanent personal power.

I do not need to remind you that one of these groups would radically change the status of your profession. Instead of leaving you free, they would regiment you under a rigid system of governmental controls. They would curb your opportunities. They would arrest your progress. They would deprive you of your freedom. And they would do all this under the specious plea of aiding the unfortunate and giving all people security.

These misguided individuals evidently forget that if you regiment men and women, if you eliminate the opportunity for individual progress, you kill individual initiative at the same time.

A ward of the State, with specific limitations and a fixed income, operating under the direction of a bureaucrat who may himself possess no scientific knowledge, would not, except in rare instances, put in the long hours of intensive study and experimentation necessary to blaze the way for progress. A physician on a fixed salary and in a treadmill practice would not have the same urge to watch zealously over those in his care as the physician whose patient is his personal, individual responsibility. By destroying initiative and progress, we might well be sentencing vast numbers of people to earlier death because we could not as intelligently cope with disease.

Every one of us has a definite interest in seeing that every child, every woman and every man secures adequate medical aid and care. We can and we will, as a government, discharge our full obligations to the sick, the aged,

and the unfortunate, unable to pay their own way. But we must do it in the American way—in a way which will preserve the spirit and the initiative of the men and women of your profession. They must be encouraged to go ahead with studies and experiments; to make new and greater scientific discoveries for the benefit of mankind. And we must care for our ailing ones in such a way that every patient will not be a ward and pawn of an all-powerful state.

We must not shackle your great profession and restrict the service it can give to the world. If we give to some bureaucrat the power to regulate the practice and fix the fees of a physician and to govern the hospitals, we will shackle the science of medicine. We must make sure every man and every woman retains the right to select the doctor of his or her own choice. That has been a great American right and the people of this country want to keep it.

To place the practice of medicine under bureaucratic control would not affect medicine alone; it would constitute a long, forward step in putting the other professions and all American labor, industry, and agriculture permanently under the direction of a Washington bureaucracy. By whatever name we might call it, it would be a form of state socialism. . . .

Revision of National Health Insurance Bill Urged

New Haven, Conn., Dec. 30 (INS).—The Committee of Physicians for the Improvement of Medical Care, Inc., recommended today drastic changes in the Wagner-Murray-Dingell bill to provide national health insurance.

The Committee, composed of top members of the faculties of Harvard, Yale, Columbia, Johns Hopkins, and other leading medical schools, in a statement said that although some definite legislation was necessary to make medical aid available to all persons of average income, it could not approve the bill as written.

To improve the quality of service proposed in the measure and "enhance the economy and efficiency" of its operation, a reduction in number of persons covered was urged.

The Committee also urged consideration of a tax-supported program in place of the proposed compulsory insurance levy, and called for expansion of the part to be played by the national advisory councils, to be established by the bill.

The report also criticized the proposed rates of payment as too small to cover costs of the services.—San Francisco *Call-Bulletin,* December 30.

Congress Votes Social Security Tax Freeze

Washington, Dec. 17.—The House completed congressional action today on a temporary measure to freeze the Social Security tax at one per cent for the first two months of 1944. The levy was scheduled to increase automatically to two per cent on January 1.

The Senate earlier had adopted a similar resolution.

The action was taken because leaders have abandoned hope of enactment of a new tax bill by January 1. The tax bill includes an amendment "freezing" present Social Security taxes for the entire year of 1944. . . .—San Francisco *Call-Bulletin,* December 17.

Group Medical Dispute Flares

Dallas, Texas, Jan. 3 (UP).—Dr. E. H. Carey, president of the National Physicians' Committee, charged today that group medicine legislation sponsored by Senator James E. Murray (D., Mont.), is the "first attempt to socialize everything in this country."

"We have a right to express our opinions," he said, "and if Senator Murray doesn't like it, we can't help it."

Carey declined to comment further, because he had not read Murray's charges.

* * *

Washington, Jan. 3 (UP).—The long-standing controversy over group medicine flared anew today as Senator James E. Murray (D., Mont.), accused the American Medical Association of issuing "propaganda" to misrepresent medical care provisions of his bill for an expanded social security system.

He charged that the American Medical Association had set up in Chicago the organization called the National Physicians' Committee which was seeking to "distort and falsify" his measure. The bill, by setting aside 3 per cent of a worker's wage, would entitle him to services of a general practitioner and, if needed, to more specialized treatment, including thirty days' hospitalization annually.

The American Medical Association promptly issued from its Chicago headquarters an official statement denying any connection with the Physicians' Committee, but it took occasion to back up the Committee's stand against the medical care features of Murray's bill. The American Medical Association recalled that its House of Delegates had approved the efforts "not only of the National Physicians' Committee, but of any other organization that will aid in defeating this pernicious legislation."—Oakland *Tribune,* January 3.

Medical Care

We have to agree with Dr. E. H. Carey, head of the National Physicians' Committee, that doctors or any other persons have a right to express opinions about the medical care provisions of Senator James E. Murray's bill to expand the social security system.

The Montana Senator appears to think his bill sacrosanct. In his assault on the Committee because it has the temerity to oppose his measure, he resorts to innuendo and the use of opprobrious terms in an evident effort to create an impression that criticism of his bill can spring only from evil and sinister sources.

He charges that the Physicians' Committee is a creature of the American Medical Association set up for a covert attack on his bill. The American Medical Association promptly denies this, but whether this charge is true or not seems to us to have nothing to do with the case. The American Medical Association has a right to oppose the bill and, if it so chose, to set up a committee to do so. Many other persons are opposing this bill, deeming it altogether too extreme.

One good purpose may be served by Senator Murray's outburst; to bring the bill to public attention and get it the thorough discussion it should have before Congress votes on it. The bill looks much like one of those things that ought not to be put over on the American people unless they realize precisely what they are bargaining for.—San Francisco *Chronicle,* January 5.

"Call Us Monday"—A Picture of Socialized Medicine

"That None Shall Die" is the significant title of a book in which is a chapter that vividly portrays what happens when political red tape, inherent in socialized medicine, is allowed to infringe on the medical profession. This is an episode from the book, as related in *Nation's Business:*

A young doctor has been called late at night to see a patient with lobar pneumonia. The family tells him candidly they have no money. It proves to be a desperate case. He calls the city hospital.

"Is the man a resident?"

"No, he's an unemployed worker here on a visit."

"Then that rules him out. We're not allowed to take out-of-town cases."

Next, the doctor calls the director of the socialized welfare service, asks if she can hospitalize his patient.

"Perhaps we can arrange it. If you'll give me the name and address, I'll put an investigator on it Monday."

"Monday! He'll be dead by Monday!"

Back at the bedside the doctor decides that pneumonia serum combined with sulfapyridine is the one chance of saving the sick man. But they cost money. He dials the social service director again, "I've typed this patient and find it's Type I pneumococcus. Can you arrange to finance the purchase of serum for him?"

"I'm sorry, doctor," the impersonal voice drones, "the Government makes no provision for the purchase of serum by our department. Besides, we cannot consider helping any case without the proper investigation. Perhaps if you call us Monday. . . ."

The doctor cut the Gordian knot of social medicine by buying the serum himself and administering it.—Riverside *Press,* December 10.

COMMITTEE ON HOSPITALS, DISPENSARIES AND CLINICS

Court Rules Charity Hospitals in California Not Required to Pay State Tax

Ruling that hospitals classed as charitable institutions are not required to pay State unemployment insurance taxes, the Appellate Court on December 2 held that the Scripps Memorial Hospital at La Jolla is entitled to recover $3,953 paid under protest to the California Employment Commission.

The decision of the Fourth District Court of Appeal, sitting in San Bernardino, affirms the judgment of the San Diego Superior Court, and will have a widespread effect on payments of similar institutions throughout the State.

The Court found that the Hospital is a nonprofit corporation "and has never refused admission to anyone because of race, creed or inability to pay," and therefore is deemed to be a charitable organization.

After the Superior Court decision, the State Employment Commission appealed from the ruling on grounds that the Hospital should pay unemployment insurance taxes "because only a small part of its operations are rendered gratuitously to persons unable to pay."

The Hospital, the Court held, was endowed by the late Ellen Browning Scripps solely for "charitable, scientific and educational purposes," and should be exempt from unemployment taxes because it was not an employer under provisions of the State Act.

New Kaiser Hospital

In Washington, on December 28, Henry J. Kaiser stated he was ready to start work on a new hospital in Alameda County, and had authority for it from every Federal agency except the Production Urgency Committee of the War Production Board for the San Francisco Bay Area.

"The Federal Works Administration has agreed to build the hospital and lease it to us for twenty years, and the President has approved the project," said Kaiser. "But four weeks have passed and we haven't been able to start on it because the Production Urgency Committee doesn't think it's urgent. And at the same time the newspapers are carrying stories about women dying because they can't get hospital care."

Mr. Kaiser disclosed that an attempt had been made to get the Urgency Committee to change its stand. Meeting with one of his aides, Coördinating Committee for Medical Care for the State of California, composed of representatives of the Department of Public Health, hospitals and doctors, unanimously approved the project following a report from Major Smith of the Office of Civilian Defense as to the dire need for the new hospital.

OPPOSITION FROM HOSPITALS?

Mr. Kaiser said he had been informed that opposition to the project stemmed from hospitals around the Bay, which fear the postwar effect of new structures.

Turning to the hospital problem, Mr. Kaiser said one of his hospitals in Richmond has treated 1,500,000 cases and is now providing approximately 125,000 treatments a month for the 90,000 workers he employs there.

Higher Medical Rates in Los Angeles for Care of Medical Indigents

Increase in some of the rates paid private physicians attending Los Angeles County indigent patients has been authorized by the Board of Supervisors at the request of the Department of Charities. Several rates for services not heretofore provided for also were authorized, including dental work.

Under the new schedules, office visits will be paid for at the rate of $1 each instead of 50 cents, while certain types of house calls will bring $2.50 instead of $1.75. Teeth extractions will cost the County from $1 to $2 each.

"This will not create a large additional expense or require additional appropriation," County Manager A. H. Campion informed the Board, due to the reduction in the number of patients being served. He also stated that all special treatments by private physicians must be previously authorized by the county doctor-in-charge and that strict budgetary control of such expenditures will be maintained.

Los Angeles County Hospital to Have Cadet Nurses' School

To save the county of Los Angeles $200,000 annually and build up a reserve of trained nurses, County Supervisor Roger Jessup recently proposed inauguration of a cadet nurses' training school at the County General Hospital, under the supervision of the United States Public Health Service.

Such a school, Jessup told his colleagues at the supervisors' meeting, not only would help relieve the acute shortage of nurses, but would help materially in relieving the hospital's shortage of employees.

"There is a saving of approximately $200,000 a year in this project for the county, too," said Jessup, pointing out that the cadet nurses would be doing work in their regular training for which the county would otherwise have to pay.

Doctor and Personnel Shortage in Los Angeles County General Hospital

Too many patients, coupled with insufficient and inadequately trained personnel, have created a serious problem in Los Angeles County General Hospital and allied county institutions—so much so that they may have to be closed against admission of additional patients, and some patients may have to be discharged before full recovery, was the warning sounded recently by A. J. Will, County Superintendent of Charities.

"The General Hospital, Olive View Sanatorium, and Rancho Los Amigos are simply unable to give customary care to patients because of the extra heavy patientload and inadequate staff of trained personnel," Will said.

Another handicap mentioned by Will was the fact that the War Manpower Commission has allocated but 37 resident physicians compared with 65 in normal times, and only 78 internes compared with 120. The General Hospital is short 140 graduate nurses.

Of the 3,500 hospital employees, more than half of the nonprofessional personnel lack the required training, he stated.

Every day approximately 500 employees are ill or wilfully absent, Will said, and on one recent day there were 240 absentees in the nursing division and 48 in the culinary department.

The hospital laundry is so short of male help that frequently two thousand bags of laundry remain unwashed at a time, and the daily patient load is running higher this year than last.

Hastings Sanatorium Established Near Pasadena

The "Charles Cook Hastings Home," envisioned by the late Charles H. Hastings in his will, creating and endowing the Hastings Foundation for research into the cause and cure of tuberculosis and other diseases, will be located near La Vina Sanatorium near Pasadena, "and will work in close coöperation with this well-known institution."

The Foundation was organized on February 19, 1943, with incorporators and the first board of directors consisting of Captain May, U. S. N. R., president; Dr. Leroy B. Sherry, Pasadena, physician and surgeon, vice-president; and Lloyd W. Brooke, member of the firm of Cruickshank, Brooke, Dunlap, and Ross, attorneys for the personal executor, as secretary-treasurer.

La Vina is a nonprofit organization incorporated under California laws in 1909 by Dr. Henry B. Stehman, occupying property consisting of 232 acres north and west of Pasadena, and this sanatorium has been engaged ever since in the care of tuberculosis patients.

La Vina has operated under the medical direction of Dr. Carl R. Howson, with corporate management in the hands of a board of directors of Pasadena and Altadena citizens.

It was decided that it would be the desire of each institution that Dr. Carl Howson, medical director of La Vina, should become the first medical director of The Charles Cook Hastings Home.

An agreement was reached whereby La Vina agreed to sell to The Hastings Foundation 7.72 acres of ground with the structures thereon, known as the Preventorium, nurses' home, and a barn now being used as a garage. The property acquired will be remodeled and equipped and established under the name of "The Charles Cook Hastings Home."

It will commence operations by conducting research into the causes and possible means of curing tuberculosis, and simultaneously will provide care and treatment for from sixteen to twenty persons afflicted with tuberculosis. The patients of The Charles Cook Hastings Home shall be cared for free from all cost and charges of any kind, nature and description, as expressly provided in Mr. Hastings' will.

It is confidently hoped that construction of The Charles Cook Hastings Home may be begun next spring and that the necessary priorities can be arranged for beginning this project during 1944 so that the benefits may be realized at the earliest date possible in view of the great needs which are developing as an unhappy result of the present World War.

Riverside County Hospital Maintenance Costs

The Riverside County Hospital, during November, was operated at a net cost of $22,580.31.

Total expenditures for the month were $27,277.12, the report shows, and credits amounted to $2,388.38. Total claims approved amounted to $24,968.69, and courthouse and county farm supplies to $2,308.43.

Credits were divided as follows: Cash from pay patients, $1,626.28; from toll calls, $2.73; from ambulance, $74.25; miscellaneous, $10; direct to county counsel, $15; service supplied to sheriff, $470.60; supplied to detention home, $133.42.

COSTS ITEMIZED

Expenditures were listed as follows: Administration, $1,492.01; professional care, $12,653.67; departments, $10,-859.54; house and property, $2,271.90.

The report listed salaries during November, 1943, at $18,836.35 and for the same month one year ago at $14,239.06. Provisions for last November cost $4,927.54, for November, 1942, $3,931.36. Other operating expenditures were: November, 1943, $3,513.23; November, 1942, $4,446.05.

General statistics included: Total number of patient days, 5,624; average patients per day, 187; average days stay, 15; total general hospital days, 3,000; daily average general hospital patients, 100; total tuberculosis days, 1,665; daily average of tuberculosis patients, 55; total chronic and custodial days, 959; total out-patient visits, 532; total new out-patients, 154; total average number of employees, 152; total average number of nurses and orderlies, 67; cost per patient per day, $4.85; food cost per meal, 19½ cents; total meals served, 23,511.

Births during November numbered 13, deaths 33. There were six major operations, 59 minor operations, 248 x-ray examinations, and 2,143 laboratory examinations.

Los Angeles Supervisors Seek Establishment of United States Marine Hospital

Los Angeles County supervisors on Tuesday gave impetus to the establishment of a United States Marine hospital on eighty acres of land at Century and Imperial boulevards when the Board recently named a committee of prominent citizens and shipping men to speed Congressional action on a bill now before Congress for the erection of the hospital.

The Committee is to urge passage by Congress of the legislation to erect the proposed 300-bed hospital and speed its construction. The County Board of Supervisors on July 28, 1943, voted to allocate the site for the hospital pending its approval by Federal officials.

Recently, Dr. Thomas E. Parran of the United States Public Health Service inspected the site and gave it his approval.

COUNTY SOCIETIES†

CHANGES IN MEMBERSHIP

New Members (21)

Alameda County (2)

Cheadle, Gerald E., *Alameda*
Oakes, Robert J., *Berkeley*

Butte-Glenn County (1)

Hennig, Lloyd Raymond, *Willows*

Los Angeles County (1)

Peha, Lewis, J., *Santa Ana*

San Bernardino County (8)

Barnes, M. D., *Camp Mackall, North Carolina*
Cadwell, Ernest, *Fontana*
Hardinge, Mervyn G., *Loma Linda*
Kearns, Grant F., *Daggett*
Lyda, Edwin E., *San Bernardino*
Sedam, Margaret S., *Redlands*
Smith, R. Esmond, *Patton*
Swartout, Hubert C., *Loma Linda*

San Diego County (1)

Stearns, L. M., *La Jolla*

San Francisco County (7)

Bischoff, Harold W., *San Francisco*
Buehler, J. Merle, *Watsonville*
Curtis, Loris E., *San Francisco*
Eldridge, David G., *San Francisco*
Farber, Seymour M., *San Francisco*
Quillinan, Robert H., *San Francisco*
Streck, Fletcher William, *San Francisco*

Santa Barbara County (1)

Baisinger, Cecil F., *Santa Barbara*

Transfers (5)

Dickson, Owen C., from San Francisco County to Alameda County.

Gray, Russell M., from Riverside County to San Bernardino County.

Nevins, Fred P., from Contra Costa County to Alameda County.

Sanders, Jewell, from Fresno County to Alameda County.

Scarborough, Charles G., from Fresno County to Santa Clara County.

Life Members (1)

Peers, Robert A., *Placer County*

Retired Members (3)

Adams, Walter C., *Alameda County*
Commons, Ernest L., *Los Angeles County*
Happ, William M., *Los Angeles County*

Resignations (3)

Cortright, C. B., Alameda County
Kavanagh, Mary F., San Francisco County
Powell, Alvin, Alameda County

† For roster of officers of component county medical societies, see page 4 in front advertising section.

In Memoriam

Behne, Kurt Friedrich. Died at Los Angeles, January 15, 1944, age 58. Graduate of Vereinigten Friedrichs-Universität Medizinische Fakultät, Halle-Wittenberg, Prussia, 1908. Licensed in California in 1924. Doctor Behne was a member of the Los Angeles County Medical Association, the California Medical Association, and a Fellow of the American Medical Association.

✠

Clark, Jonas. Died at Gilroy, December 31, 1943, age 91. Graduate of Harvard Medical School, Boston, 1875. Licensed in California in 1877. Doctor Clark was a retired member of the Monterey County Medical Society and the California Medical Association.

✠

Stabel, Ferdinand. Died at Redding, December 8, 1943, age 72. Graduate of the Cooper Medical College, San Francisco, 1896. Licensed in California in 1896. Doctor Stabel was a retired member of the Shasta County Medical Society and the California Medical Association.

✠

Steddom, Francis White. Died at Los Angeles, November 17, 1943, age 90. Graduate of the Miami Medical College, Cincinnati, 1887. Licensed in California in 1888. Doctor Steddom was a member of the Los Angeles County Medical Association, the California Medical Association, and a Fellow of the American Medical Association.

✠

Young, Edgar Nelson. Died at San Diego, December 23, 1943, age 58. Graduate of the College of Physicians and Surgeons, Los Angeles, 1912. Licensed in California in 1920. Doctor Young was a retired member of the San Diego County Medical Society and the California Medical Association.

CALIFORNIA PHYSICIANS' SERVICE†

(Continued from Page 38 of January issue)

Proceeding from a standing start, as it did, California Physicians' Service immediately found itself up against financial experimentation, a condition which has persisted until relatively recent months. There was no person to turn to, no table of actuarial experience, to show how much demand for service would be made under a full coverage contract or a deductible contract or a surgical contract.

No other organization had ever embarked upon a medical care plan such as this. None had achieved a financial experience which could be turned over to California Physicians' officials for their study.

With this financial inexperience, California Physicians' Service went into the market with a full-coverage contract, the type of service most in demand by the public and the type that the founders of California Physicians' Service had visualized in setting up their organization. Members were assured of full coverage for their medical and surgical care, subject only to a few exclusions which are generally standard in all medical care coverage.

Thus, during the formative period of California Physicians' Service, the broadest possible coverage was given to the beneficiary members. The result was that the unit value paid to the professional members was low. In the early days of the organization it dropped to as low as $1.10 a unit, a far cry from the $2.50 ideal unit established under the fee table. The low unit value came partially from high initial overhead costs and partially from an undue use of the service by some beneficiary members. The greater the number of total units of service rendered in any month, the lower the unit value for that month.

EXPERIENCED GAINED

Out of the mass of figures accumulated each month under this one type of coverage, California Physicians' Service gradually began to draw some conclusions as to the financial stature of its organization. Enough experience began to pile up to give the basis for charting a financial course in some one definite direction. However, as recently as eighteen months ago an independent actuary, who had been called in to make an actuarial study, reported back that he had been unable to secure sufficient data for the basis of any sound findings. In other words, California Physicians' Service had not yet come of financial age at that time.

Agitation then developed for the dropping of the full-coverage contracts in favor of surgical or two-visit deductible contracts. This policy was adopted and a gradual changeover to the two limited-coverage contracts was started. The last of the full-coverage contracts was replaced in the summer of 1943. In making this changeover there were almost no losses of member groups; in the few cases which were lost, the drains of the members of these groups on the finances of California Physicians' Service indicated that the loss was really a gain. In the main, the groups which changed from full-coverage to a more limited type of coverage indicated a satisfaction with the coverage already received and that contemplated.

With the establishment of surgical or two-visit deductible contracts throughout, California Physicians' Service started last summer to gain a new type of financial experience. It was found almost immediately that where the patient had to pay for the first two visits to his physician that he called upon the doctor only when he needed treatment. He stayed away from the doctor's office with his cut finger or other minor ailment which theretofore had been not only a nuisance to the doctor, but a financial bugbear to the organization.

Now, after some eight months of experience with nothing but surgical and two-visit deductible contracts, California Physicians' Service has gained considerably from a financial point of view. It is now definitely indicated that both these types of contracts show a much better chance of paying out an ideal unit to the professional members than the full-coverage contract ever had. It is now apparent that California Physicians' Service can earn, in a period of a normal volume of illness, fairly close to the ideal unit, provided it sticks to the surgical and deductible contracts now in use.

While the two-visit deductible contract is a little better actuarially than the surgical contract, there is little to choose between the two types of coverage. The public has shown a preference for the two-visit deductible contract because of its broader coverage. Furthermore, the sales opportunities with these two types of coverage are enhanced considerably; a group can be started with the low-cost surgical contract and, when there is demand for more coverage in the group, a rider can be attached to the contract for giving the two-visit deductible coverage. A group which has started on a surgical contract can be moved up, with a minimum of additional cost, to the two-visit deductible bracket.

†Address: California Physicians' Service, 153 Kearny Street, San Francisco. Telephone EXbrook 0161. A. E. Larsen, M. D., Secretary.

Copy for the California Physicians' Service department in the OFFICIAL JOURNAL is submitted by that organization.

For roster of nonprofit hospitalization associates in California, see in front advertising section on page 5, bottom left-hand column.

UNIT VALUES IMPROVE

Unit values, meanwhile, have gone steadily ahead. From the low of $1.10 a unit during the influenza the unit went to $1.25, then advanced to $1.75 and in November, 1943, went to $1.90. It is significant that during the last year California Physicians' Service has been able to set aside some $50,000 in a reserve fund for the stabilization of the unit in times of epidemic or other periods of unusual medical demand. It is also significant that the trustees of California Physicians' Service have not wanted to establish a new and higher unit value until they see their way clear to continuing at the higher level. Thus, it appears now that the professional members may expect to continue receiving $1.90 a unit for their California Physicians' Service work.

While increasing the unit value and adding to the unit stabilization fund California Physicians' Service has also been able to repay to the California Medical Association a total of $7,000 of the $42,000 originally borrowed from the California Medical Association.

Glancing back at the financial history of California Physicians' Service in the first five years of operation, it can readily be seen that the professional members have furnished the necessary financing. Each reduced unit of service which the professional members have received has represented a contribution by the professional members. Each time a professional member has received $1.25 for a unit which he hopes will go to $2.50, he has contributed $1.25 to the program of California Physicians' Service.

In most instances these contributions have not fallen too heavily on any one professional member; in the aggregate they amount to a fairly large sum of money. It has been estimated that the professional members have donated about $1,350,000, paid by them in reduced unit values, for the first five years of experience for California Physicians' Service. Meanwhile, they have seen their own organization undertake a program which otherwise would doubtless have been taken over by some State or Federal agency. They have seen grow up a lusty infant which today has accumulated a greater knowledge of prepaid medical service plans than any other organization or Government agency in the country. And they have seen how the doctors themselves can give the strongest possible answer to the constant threat of Government medicine.

If the doctors of California had founded a commercial insurance company five years ago rather than California Physicians' Service, they would have had to dig immediately into their own resources for a sum which would probably have been close to the amount they have contributed to California Physicians' Service in reduced fees. Instead, they have had five years in which to make up their contributions. And in these five years they have established California Physicians' Service as a going concern, ready to take on the responsibility of the profession for the health of the residents of California. The ultimate price seems relatively low in terms of accomplishment.

Next month this space will be devoted to a discussion of the public relations of California Physicians' Service as affected by the professional members.

* * *

CALIFORNIA PHYSICIANS' SERVICE
153 Kearny Street
San Francisco, 8, California
743 South Grand View Street
Los Angeles, 5, California

Re: *Commercial Program*

November 23, 1943.

Dear Doctor:

This chart will give you the progress of the unit value during the past two and one-half years. It indicates that the conditions which caused the low unit value in 1941-1942 have been corrected and we can expect a slow but healthy development in the future. (Note: The graph is not reproduced here. Concerning the unit value of $2.50, it began at 1.10 at the end of 1940. In February of 1941 it ran between 1.20 and 1.30, remaining so until January of 1942. In February 1942, it rose to 1.40, remaining at that level through November 1942. During the next three months it rose to 1.70 plus, commencing in February 1943, and has remained at that level.)

Financial reports for the Commercial Program during the month of September were as follows:

Membership dues and registration fees	$59,704.96
Professional member registration fees	90.00
	$59,794.96
Administrative costs	15,784.88
	$44,010.08
Hospitalization and laboratory costs	6,166.09
Available for medical service	$37,843.99
20,079.1 units of service at $1.75	35,138.43
Transferred to Unit Stabilization Fund	$ 2,705.56

Sincerely yours,

A. E. LARSEN, M. D.,
Executive Medical Director.

New Medical, Hospital Program for Riverside County Farmers

A plan to provide medical and hospital services for farmers was announced recently by Orpha A. Miller. This plan has been developed through the California Physicians' Service, representing over 5,000 California doctors, sixty-three of whom are in Riverside County. One or more of these doctors have their offices in each community of the county.

According to Miss Miller, the plan operates through the Bi-County Farmers' Health Association, which was organized by farmers and farm laborers last May 1, 1943. Any farm family in California whose family annual net income is $2,000 or less may join. A "Farm Family" is defined as the family group residing in the common household and contributing their income to the "Family Annual Net Income," provided more than 51 per cent of the family annual income is derived from farming or farm labor.

Employers of farm labor are said to recognize advantages of this Physicians' and Hospital Service, since the shortage of farm labor is a serious handicap.

The Farmers' Health Association enters into an agreement with the California Physicians' Service which, through its member doctors, supplies medical, surgical and obstetrical care. The farm family has free choice of their physician.

Members of the Association also receive hospitalization up to twenty-one days for each separate illness or injury which requires it. The family fee ranges from $30 for a single person to a maximum of $60 a year for the largest families. Miss Miller stated that the closing date for 1943 membership is November 13, 1943.

Application blanks and further information are available at 201 Lewis Building, Riverside, California. Phone, Riverside 1077.

Families who do not have the ready cash and no other credit may secure a partial loan from the U. S. Department of Agriculture, Farm Security Administration, in financing their participation.—Riverside *News*, October 28.